



Australian Bureau of Statistics

1301.0 - Year Book Australia, 1996

ARCHIVED ISSUE Released at 11:30 AM (CANBERRA TIME) 01/01/1996

THE VALUE OF UNPAID WORK

The value of unpaid work has traditionally been excluded from estimates of gross domestic product (GDP). As the title implies, unpaid work receives no payment as the majority of the services are produced in the household. Unlike paid work, the services emanating from unpaid work are not produced for the market, so there are no appropriate monetary prices to use in the valuation of these services. Accordingly, the System of National Accounts, 1993 (SNA) excludes the value of unpaid work from its definition of economic production, as it aims to measure only market activity and activity for which satisfactory near market values exist. Nevertheless there are valuation techniques which can place estimates of the value of unpaid work within a national accounting framework.

Unpaid work is broadly categorised into "unpaid household work" and "volunteer and community work". Unpaid household work includes the following household activities:

- food preparation and clean up;
- cleaning and tidying;
- laundry, ironing and clothes care;
- purchasing of goods and services;
- physical care of own and other children;
- playing with, teaching, minding children;
- garden, pool and pet care;
- home maintenance and car care;
- household management;
- travel associated with the above activities; and
- transporting household members.

Volunteer and community work includes the following activities:

- helping/caring for sick, frail or disabled relatives;
- helping/caring for sick, frail or disabled other persons;
- voluntary community activities;

- helping/doing favours for others; and
- associated travel.

The methodology for valuing unpaid work can be based on either the "output approach" or the "input approach". While the former would be preferred conceptually, the necessary data are not generally available, and so the input approach has been used to produce the Australian estimates. The ABS investigated a series of different valuation methods within this approach:

Market replacement cost

- individual replacement cost; and
- housekeeper replacement cost.

Opportunity cost

- gross opportunity cost; and
- net opportunity cost.

The output approach is considered to be the conceptually superior method because it adopts the same approach as that used to value market production and is therefore appropriate at the macro-economic level for comparisons with national accounting aggregates. However, the data requirements are enormous and at present, the ABS does not collect the necessary data to implement this methodology.

To date, the input approach is used by the majority of studies on the valuation of unpaid work. A key feature of this approach is that it is based on data collected by time use surveys. These surveys ask respondents to keep a diary recording every activity undertaken in the course of a day from which a profile of unpaid work, and other activities, can be established. The principal limitation of the methodology is that in measuring unpaid work by the time spent on each activity no account is taken of the productivity of the time used or of the quality of output achieved.

The ABS investigated the four alternative input valuation methods listed above to value unpaid work. It should be noted that there are no international standards specifying the most appropriate input method of valuing unpaid work. The ABS has opted for the individual function replacement cost method as its preferred method because it is less theoretically problematical than the other methods. Also, it is conceptually similar to the approach specified in the framework used in the Australian national accounts for valuing other non-market output.

In February 1990 the ABS published a set of experimental estimates of the value of unpaid work in Australia in 1986-87. Data from the Pilot Time Use survey of 1987, which was conducted in the Sydney Statistical Division, were used as a basis for the estimates. During 1992, the ABS conducted a more comprehensive time use survey throughout Australia which enabled the initial experimental estimates to be extended and refined. A new set of estimates was published in September 1994 which was also used, albeit with several caveats, to make some comparisons with the 1986-87 results.

Using the individual function replacement cost method, table 1 shows that the value of total unpaid work in Australia for 1992 is estimated to be \$227,800 million, which is about 58% of gross domestic product as measured in the Australian national accounts. There was an increase in the share of volunteer and community work from around 5% to 6% of the value of total unpaid work in

1986-87 to about 8% in 1992.

Females were the main contributors to unpaid work. They were estimated to contribute 65% of total unpaid work in 1992, compared with 68% in 1986-87. However, males and females contributed almost equally to the volunteer and community work component in 1992, as was the case in 1986-87.

25.16 Value of unpaid work(a)	
	Value
Type of activity (\$m)	
Domestic activities, child care & purchasing goods & services	209.7
Volunteer & community work	18.1
Total unpaid work	227.8
Female contribution (%)	65
Ratio of value of total unpaid work to gross domestic product	58
(a) Based on the Individual Function Replacement Cost method.	

Source: Unpaid Work and the Australian Economy (5240.0).

Table 25.17 below shows that the percentage share of unpaid household work spent on each activity varies across the various demographic categories. For instance, it shows that the main activities of females are food preparation, child care and housework, and, especially for unmarried females, shopping. Food preparation is also a significant activity for unmarried males, although less so than for unmarried females. The other main activities for males are shopping, home maintenance, car care and gardening.

25.17 Percentage share of unpaid household work spent in each activity by status

Activity	Female				Male				TOTAL
	Married		Not married		Married		Not married		
	Employed	U/ NILF(a)	Employed	U/ NILF(a)	Employed	U/ NILF(a)	Employed	U/ NILF(a)	
Food & drink preparation & clean-up	22.2	26.3	19.8	24.4	13.7	13.8	18.4	23.6	21.1
Laundry, ironing & clothes care	12.0	11.1	8.2	9.1	1.9	1.7	5.8	5.0	8.0
Other housework	13.5	14.3	12.2	15.6	4.4	5.9	7.7	8.9	11.2
Gardening, lawn care & pool care	3.9	5.0	2.8	6.9	13.9	21.8	7.2	9.1	8.2
Pet, animal care	12.4	2.3	4.3	4.3	3.4	4.2	5.0	5.4	3.3
Home maintenance, improvement & car care	1.7	1.2	3.1	1.7	16.9	16.1	11.2	10.7	6.3
Household paper work, bills etc.	3.5	2.8	5.0	3.8	5.9	5.9	6.9	4.3	4.3
Transport & associated travel	4.6	2.6	2.9	2.0	5.2	3.9	2.1	2.2	3.4
Child care	17.3	17.6	8.2	11.5	14.3	5.2	2.3	1.9	13.4
Purchasing & associated travel	8.9	16.8	33.5	20.7	20.4	21.5	33.4	28.9	20.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(a) Unemployed or not in the labour force.

Source: Unpaid Work and the Australian Economy (5240.0).

Table 25.18 below provides some international comparisons of estimates of unpaid work as a percentage of GDP. The Australian estimates represent a higher proportion of GDP than those for other countries included in the comparison. This reflects, in part, methodological differences as well as differences in social, cultural, climatic and economic conditions prevailing in various countries. A more detailed set of results and a comprehensive description of the concepts underlying the estimates of unpaid work are provided in Occasional Paper: Unpaid Work and the Australian Economy, 1992 (5240.0).

25.18 International comparisons of estimates of unpaid work

Country and year of study	Reference Year	% of GDP or GNP
Australia		
1990	1986-87	52(GDP)(a) & 57(GDP)(b)
1994	1992	58(GDP)
Canada		
1978	1971	40(GDP)
1994	1992	41(GDP)
New Zealand		
1991	1991	52(GDP)
Norway		
1989	1981	39(GDP)
USA		
1982	1976	44(GNP)

(a) Award wage rate.

(b) Adjusted award wage rate.

Source: Unpaid Work and the Australian Economy (5240.0).

This page last updated 18 June 2009

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